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UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

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In re:

THE FINANCIAL OVERSIGHT AND PROMESA
MANAGEMENT BOARD FOR PUERTO RICO, Title III

as representative of Case No. 17 BK 3283 (LTS)

THE COMMONWEALTH OF PUERTO RICO,
et al., (Jointly Administered)

Debtors.
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In re:

THE FINANCIAL OVERSIGHT AND PROMESA
MANAGEMENT BOARD FOR PUERTO RICO, Title III

as representative of Case No. 17 BK 4780 (LTS)

PUERTO RICO ELECTRIC POWER AUTHORITY,
(Jointly Administered)

Debtors.
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New York, N.Y.
February 28, 2023
8:30 a.m.

Before:

HON. LAURA TAYLOR SWAIN,

Chief U.S. District Judge

HON. JUDITH GAIL DEIN

Magistrate Judge

APPEARANCES:

For the Financial
Oversight and Management
Board for Puerto Rico: Martin J. Bienenstock, Esq.

N2SDPROH

APPEARANCES, Continued:

For the Financial
Oversight and Management
Board for Puerto Rico:

Ehud Barak, Esq.
Paul Possinger, Esq.
Laura Stafford, Esq.
Steven Ma, Esq.
Margaret A. Dale, Esq.

For the Official Committee
of Unsecured Creditors
(the "Committee"):

Luc A. Despins, Esq.
Alex Bongartz, Esq.

For Assured Guaranty
Corp. and Assured
Guaranty Municipal Corp:

William J. Natbony, Esq.
Mark C. Ellenberg, Esq.

For The Puerto Rico
Fiscal Agency and
Financial Advisory
Authority:

Peter Friedman, Esq.

For The Ad Hoc Group
of PREPA Bondholders:

Amy Caton, Esq.

For U.S. Bank:

Clark Whitmore, Esq.

For Syncora:

Susheel Kirpalani, Esq.

For PV Properties:

Fernando Agrait-Betancourt, Esq.
Charles Cuprill, Esq.

For National Public
Finance Guarantee
Corporation:

Robert Berezin, Esq.

For Fuel Line Lenders:

Amy Wolf, Esq.
Emil A. Kleinhaus, Esq.

For the Ad Hoc Group of
PREPA Bondholders:

Gary Orseck, Esq.
Matthew Madden, Esq.

For Ahimsa:

William Kannel, Esq.

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APPEARANCES, Continued:

For the Ad Hoc Committee
of National Claim

Assignees: Lawrence Larose, Esq.

For UTIER: Zoe Negron-Comas, Esq.

For SREAE: Rafael Ortiz-Mendoza, Esq.

For the Puerto Rico
House and Senate: Jorge Martinez-Luciano, Esq.

For Manuel Gonzalez-Joy: David Carrion-Baralt, Esq.

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1 Martin Bienenstock, Proskauer Rose, LLP, for the Oversight
2 Board, as Title III representative.

3 Can you hear me okay?

4 THE COURT: Yes, I can hear you and see you now.

5 Thank you.

6 MR. BIENENSTOCK: Okay. I will start, and I'll have
7 to go somewhat quickly. Mr. Friedman, on behalf of AAFAF,
8 raised the important issue of PREB, and I just want to say
9 something now that also has implications for some of the
10 subsequent statements, arguments that were made and our
11 responses.

12 For starters, it is clear that Bankruptcy Code Section
13 1129(a)(6) and PROMESA section 314(b)(5) together constitute
14 what we refer to as a reverse preemption, whereby while other
15 provisions of federal law are supreme over local law, Congress
16 has reversed the preemption when it comes to regulatory rate
17 approvals. So PREB is an important actor in this confirmation,
18 or in the process of implementing it certainly. And while we
19 do think that the Court might have a role, because there are
20 local laws requiring PREB to approve rates necessary to pay
21 debts, the fact is that PREB, as part of its underpinning,
22 statutory underpinning and public role, does take into account
23 concepts such as affordability, implications of rate increases,
24 et cetera. And we are working with PREB hoping that it will
25 give approval to the rates we need to implement the Plan